

Whitewater CDA - MINUTES Monday, January 24, 2011 4:30 PM - PUBLIC HEARING TID 4 5:30 PM - CDA Board of Directors 1st Floor Community Room - 312 W Whitewater Street Whitewater, WI 53190

1. Call to order and roll call

Tom Miller motioned to open the meeting at 4:30PM.

Present: Jim Allen, Jeff Knight, Alan Marshall, Tom Miller, Patrick Singer, Jim Stewart (@ 4:36PM)

Absent: Al Stanek

Others Present: Mary Nimm, Kevin Brunner, Dean Fischer, Lynne Binnie, Brad Viegut (City Financial Advisor Robert W Baird & Associates), Jim Caldwell, Mike Vandenbosh (WCEDA), Dennis Heling (Jefferson County Economic Development Alliance), Dan Kilkenney (Delavan, WI), Wayne Redinius (Town of Richmond), Gary Lengyl (IC Manager)

2. Approval of the Agenda

Jim Allen motioned to approve the agenda. Singer seconded.

Ayes: Allen, Knight, Marshall, Miller, Singer, Stewart

Nays: None Absent: Stanek

3. Public Hearing and Presentation of TID 4 Plan Amendment (Distressed TID Designation)

The Public Hearing started with Nimm presenting slides 1, 2 & 3 telling of the History of Whitewater's TID 4. **Brad Viegut** from Robert W Baird and Associated talked about the TID Legislation as it relates to Distressed TID's and noted that the "value of the TID's is insufficient to pay off debt"

Brunner finished the presentation by making the case for Whitewater's distress within the district.

Viegut – although projections only need 4 years to recover costs, predict a close by 2021

Jim Caldwell – talked about the importance and need to move ahead on debt restructuring. Whitewater has not escaped downturn in economy. Strength of the municipality is no stronger than our tax base and the businesses it serves. There are caps on lenders in commercial real estate. Limits to new project financing. New techniques needed and may slow recovery process. Seeing more in manufacturing in internal, not in new buildings or expansion. Restructuring debt to accommodate level of cash flows to keep operation solvent and continue to do business. Legislation makes sense to Whitewater. I support and encourage approval of Distressed TID.

Paul Kenning – Fair Haven Senior Living – "But For" the TID, we would have never been able to accomplish building of Prairie Village. We have experienced a severe growth drop. Will be difficult to accomplish expansion until economy grows.

Lynne Binnie, Whitewater Common Council – in favor of TID 4 Designation –Whitewater was a 'poster child' in front of State Legislature. Adopted nearly unanimously in Senate. Degree of risk involved. City has proven prudent in taking risks and has closed TIDs before their statutory closing dates, returning increment funds back and adding tax base that might never have occurred but for the infrastructure investments.

Dan Kilkenney, Delavan, WI – when TID's are proposed, the impact on overlapping districts shall be determined. Asked these questions - Debt payments starting when? Overlapping jurisdictions deferred revenue? What other costs other than this debt will be paid going forward?

Wayne Redenius, chair town of Richmond – was interested in JRB, was not able to participate. What effect action has on WWUSD, Walworth Co, Gateway?

Viegut – if the TID closes in 2017 what is the value? Estimate is \$111,000,000.

Brunner – at this time, proposed amendment is not proposing additional expenditures. Can we stop anything? Remaining expenses: finish tech park infrastructure; IC @ 95%; extension of starin road – all three have to be finished. One other – \$132,000 set aside for Business Park asphalt surface course could be eliminated if need be. Very little to save in expenditures. In the best-case scenario, the district could be closed on-time, making pretty large assumptions. We have been good in stewardship in management of TID's. All we are asking for is the ability to extend the district if we need to.

Knight – value added back to the tax rolls – what would be the action had that not been put on the tax rolls in 2005? **Viegut** – the TID would be generating approx \$600k in annual revenue to cover expenditures. It's possible we wouldn't need to extend the life.

4. Discussion and Possible Recommendation of TID 4 Plan Amendment to Common Council

Knight – map show area removed in 2005?

Jim Allen motioned to move forward with the TID 4 Designation as a Distressed TID. Marshall seconded.

Ayes: Allen, Marshall, Miller, Singer, Stewart, Knight

Nays: None Absent: Stanek

The motion to move forward and recommend that TID 4 be Designated as a Distressed TID to the Common Council passed on a 6-0 vote.

5. Recess Until 5:25PM

6. Reconvene and Roll Call

Tom Miller motioned to RE-open the meeting at 5:25PM.

Present: Jim Allen, Jeff Knight, Alan Marshall, Tom Miller, Patrick Singer, Jim Stewart

Absent: Al Stanek

Others Present: Mary Nimm, Kevin Brunner, Jim Caldwell, Mitch Simon

7. HEARING OF CITIZEN COMMENTS. No formal CDA Action will be taken during this meeting although issues raised may become a part of a future agenda. Items on the agenda may not be discussed at this time.

NO CITIZEN COMMENTS

8. Approval of the December 13 and December 22, 2010 Minutes

Alan Marshall motioned to approve the December 13 and December 22 minutes. Jim Allen seconded.

Ayes: Allen, Marshall, Miller, Singer Stewart, Knight

Nays: None Absent: Stanek

The motion to approve the minutes passed on a voice-vote.

9. November, 2010 and December, 2010 Financials

There was little discussion on the financials as there was little activity.

10. Discussion and Possible Action on Seeking Requests for Proposals (RFP's) for the Development of the Former Alpha Cast Site

Nimm started the discussion noting that with the extension of Starin Road there has been some interest in the development of the former Alpha Cast property and she is looking for direction from the CDA on how to proceed with the potential development of the property.

Brunner – public discussion with neighborhood?

Stewart - money available? Benefit TID?

Brunner - structure RFP, property available, Master Plan for development, etc...

Signer - Comp Plan Designation?

Brunner - Nimm will speak with Environmental Consultant

Knight – ownership? Start discussions, go slow

Allen – need to look at, need to bring neighborhood up to speed

Marshall - move ahead, talk with neighborhood

Miller - property vacant, if purchaser wants to buy it, we ought to discuss

Brunner – at next CDA meeting invite neighborhood, review comp plan for reaction, prepare RFP and see what comes before us

Miller – meet with developer and look at offer

Brunner - touch base with owner of salvage yard. Determine value?

Nimm will discuss development options with the Environmental Consultant(s) and start the appraisal process. Item will be back next month to discuss further.

11. Discussion and Possible Action on Whitewater Technology Park MOU Discussed prior to item #10

Brunner – this is the second time before CDA. Changes made based on review of initial document. Sent to TPB and approved at 1/12/11 meeting. TPB made two changes: separate article 2 into two articles; specify the 2.08 IT Services – IT provided to tenants to extent provided by CDA/City. Did send to Attorney Simon for review and

comment. This has been approved by TPB and ready for CDA review and consideration with recommendation to CC. Knight – TPB understanding was to be reviewed by Attorney Simon.

Mitch Simon – short agreement, in order to address certain items, I am not in a position to render an opinion. Does the Grant authorize delegation of authority approvals by EDA? Much due diligence needed by my office in order to get a background and render an opinion on MOU.

Allen – what we were really looking for was for our protection that the CDA was covered under the "What if"? Simon – General review: CDA pays for?, 6-month termination?, delegation to spend \$ and others to fund is risky and binding on future members of the Board.

Allen – it is our responsibility to do our due diligence

Knight – hoping for discussion on performance standards, reviews after given periods of time... what happens when things go wrong, something to cover in the "event" that does occur.

Simon – can offer assistance in formalizing standards, but not familiar with items dealt with, no background Allen – perplexed, thought it might be a longer document, needs more work

Brunner – City Attorney did draft, product of two years of work. Idea as the TPB Inc would be the lead group to operate the IC and TP at risk to the CDA and City if the TP doesn't perform. The building will be opening soon and we will need a document to start the operation.

Singer – is it our duty to open a building with a bad document or to wait until we have the correct document? Allen – no reservations moving forward with document as long as it can be amended as needed.

Marshall – recommend go with MOU but able to make changes as needed.

Stewart -1.02 extension of term - can change. After CC has final approval, this is 'our' document. This is a starting point.

Caldwell - narrow scope of review asked for by CC to two-party relationships/involvement.

Simon – MOU versus Agreement – by not calling it an Agreement, can't render opinion. Once approved, it is an agreement 6-mo notice is way out. Kind of a 6-mo agreement of "sorts".

Knight – concern is "what if" there is a problem, have temporary agreement and have EDA opinion that we are not in violation of Grant Rules. Several issues should be in agreement in advance. Concern is the "open checkbook".

Simon – in developing those standards, with the exception of disclaimer to EDA, perhaps agreement has a shorter termination agreement. Is the very delegation in compliance with the Federal Grant Documents?

Singer – 3.03 Insurance: is it traditional where the City is covering the ... and Liability? Annual Contribution: \$20k/yr with no fixed term – given how tough budget seems to be in the future, where is this coming from? Is this a priority? Return on \$20k? Guarantee on lease rates to help cash-flow the building?

Brunner – discussion of TPB cash or direct contributions to make the TP work. \$20k put into pro-forma city has a stake and the UW would contribute to the operation. Sharing risk with UW and City/Community. TPB is 3 members and 4 members from UWW.

Knight – chaired sources and uses committee, there was \$20k allocated from City for 5yrs, assumed city component would increase to \$50k. Benefit of tax increment would off-set City's contribution. Long-term goal is to bring in value. Measurement terms/performance standards should be built into the agreement to make the cases as to why contributions shall be continued.

Brunner – could be 6 mo agreement, need operating structure, can be refined as we move forward. Subsequent agreement between TPB and UWW.

Simon – unusual that the hiring of and paying for the manager isn't writing directly into the agreement? May be silent on purpose. Looks like City is the "Bank Roll", doesn't address the contribution by the University.

Brunner – easier for University to manage MOU's than to manage Agreements

Simon – short term, preliminary sign-off from EDA.

Knight – add language saying the Board is required to follow all the requirements of the EDA Grant?

Simon – is delegating authority compliant with Grant Requirements? Removal of ownership rights is threatening to "actual owner". Shorter-term contract is feasible.

Caldwell – short-term approval, 1: 3-parties of agreement, 2: subject to EDA, 3: pro-forma's attached to MOU Knight – concern that as future and people change, contributions change. Think that the establishment of the TP and IC is a positive for all involved. Had we not done this, we would be at a severe disadvantage with other Business Parks.

Brunner – 501c3 (TPB) provision in by-laws is that the Chancellor has to be the President of the TPB/Corporation. Singer – we need to make sure the City is protected moving forward.

Allen – we are looking to protect the interest of all parties should any concerns be raised in the future.

Brunner – envision subsequent MOU between TPB and UWW might address some of the concerns. Need to create an organizational structure. Come back in 6-mo after several attorney's review.

Simon – TPB is a 501c3, requirement for UWW participation, if there is a change in heart at UWW it will defeat the purpose of the mission. Termination of the MOU is a way of disempowering an entity if need be.

Knight – give chance to prove acceptability, given the current economy. Time to prove.

Marshall – motioned to adopt the MOU with term of the contract through 12/31/2011, with review of the performance and guidelines of grant as well as city responsibility of funds, and if during the initial period EDA determines the MOU is not in compliance, the agreement shall be subject to termination immediately. Allen Seconded.

Ayes: Allen, Knight, Marshall, Miller, Stewart

Nays: Singer Absent: Stanek

The motion to approve the MOU as noted above passed on a 5-1 roll-call vote.

12. Technology Park Updates

a. Innovation Center Updates

Brunner – building is 99% complete. January 28 is target date. Punch-list items yet to complete. First tenants will be moving in on or about Feb 10. Grand opening in perhaps late March, 2011.

b. Innovation Manager Appointment – Gary Lengyl, new innovation manager introduced. New to WW. Spent 26 years in High-Tech industry. Experience in project management and relationship building.

c. Economic Development Administration Update

Nimm noted no reimbursement as of to date.

Singer – short-term borrowing?

Stewart - send picture to EDA.

d. Infrastructure Updates

i. Starin Road Extension

Brunner – finished in early spring, second lift of asphalt yet to complete

ii. Tech Park Infrastructure

Brunner – 4 remaining items, final asphalt on Howard Rd, Greenway Ct and construct E Main Ct., multi-use trail to be finalized.

13. Discussion and Possible Action on 2010 Annual Report

Nimm noted that the version of the Annual Report in front of the board is a very preliminary version and asked the Board what they wanted to see included in the report.

Knight – requirement for annual report? Update numbers of value of TID to community, and jobs created – show impact on potential increase in taxes without TID, show school district impact as well

14. Housing Subcommittee Report

Knight – action at last meeting was to move forward with funding for Housing Demolition of Distressed Properties. Brunner – two notices issued to property owners

Knight – action at last meeting to issue orders. Next piece, reconcile what is still distressed. Work with Planning Commission on advanced rules once property hits Distressed. Determine housing break-even analysis. Understand housing market in Whitewater.

15. CDA Coordinator Updates

a. Homeownership Readiness Focus Groups

Nimm noted that she attended a regional meeting hosted by WHEDA discussing Homeownership Readiness and the potential for State-Wide coordination of educational opportunities.

b. City Planning Services

Nimm reported that she and Brunner are requesting a proposal from Vandewalle, the City Planners as it relates to creating and defining an Economic Vision for the City.

c. Lakes Area Realtor Photo Simulation Grant Project

Nimm reported that this project, three years in the making has finally been awarded to the City of Whitewater. More to come in February.

16. Future Agenda Items

Nothing

17. Adjourn to closed session at approximately 6:15PM not to reconvene per Wisconsin State Statutes 19.85 (1)(e). Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session

Tom Miller motioned to adjourn to closed session at 6:55PM.

Present: Jim Allen, Jeff Knight, Alan Marshall, Tom Miller, Patrick Singer, Jim Stewart

Absent: Al Stanek

Others Present: Mary Nimm, Kevin Brunner

a. Possible loan with Superior Analytical

Respectfully Submitted,

Mary S Nimm CDA Coordinator